GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1102
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Educational Loan
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Will the Minister of FINANCE be pleased to state:

(a) the number of students benefited, percentage of educational loan disbursed/ outstanding and interest being charged by the public/private sector banks from the students of the General, Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs), Below Poverty Line (BPL) and minority communities, State/UT and Bank-wise during each of the last three years and the current year;

(b) whether the banks have followed the guidelines/criteria issued by the Reserve Bank of India(RBI) in this regard, if so, the details thereof along with the detailed guidelines/criteria in this regard;

(c) whether the Government is considering dispensing with the condition/ requirement of taking any guarantee, surety, income certificate, etc. for advancing educational loan, if so, the details thereof;

(d) whether the Government has received complaints against banks for denial of loans to the students and irregularities in loans and if so, the details thereof during the last three years, State/UT and bank-wise and;

(e) the steps taken by the Government to simplify the process of raising educational loan and to redress the grievances of the students in this regard?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE)

(a) As per the information furnished by RBI, the bank-wise/state-wisenumber of education loan accounts and outstanding education loan reported and classified as priority sector advances by public sector banks and private sector banksfor the years ending on 31stMarch 2013, 31st March, 2014 and 31st March, 2015 are at Annexure I/Annexure II, respectively. Interest being charged by the banks are uniform for the General, Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs), Below Poverty Line (BPL) and minority communities students. Some of the banks give concession in interest rate to girl students and for servicing of interest during the moratorium period. Annexure III gives the interest being charged by different banks.

(b) All Scheduled Commercial Banks have adopted and implemented the Indian Banks' Association (IBA) Model Educational Loan Scheme for providing education loan for pursuing higher education in India and abroad. All the Banks are following guidelines issued by IBA/RBI which are as under:

(i) Loan to individuals for educational purposes including vocational courses upto Rs.10 lakh irrespective of the sanctioned amount will be eligible for priority sector lending. It would, however, be open to banks to consider higher quantum of loan for educational purpose.

(ii) All banks are mandated not to accept collateral security for educational loans upto Rs.4 lakh.

(iii) Banks have been advised not to reject any educational loan application for reasons that the residence of the borrower does not fall under the bank's service area.

(c) All education loans uptoRs 4 lakh are collateral free as per RBI guidelines. Further, Government of India has launched a Credit Guarantee Fund Scheme for Education Loans (CGFEL) wherein no collateral security/third party guarantee is required for loans uptoRs 7.50 Lakh
(d) Complaints regarding educational loans, as and when received by the Government, are taken up with banks concerned for corrective action. As informed by Public Sector Banks, during 2015-16, 4555 complaints related to education loans were received, out of which 4476 were disposed off.

(e) In order to simplify the process ofraising educational loans, Vidya Lakshmi Portal (VLP) (https://www.vidyalakshmi.co.in.)has been launched by the Government. Students can view, apply and track the education loan applications made to banks anytime, anywhere by accessing the portal.